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SECURITY INFORMATION

30 October 1952

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CURRENT INTELLIGENCE DIGEST

Office of Current Intelligence

CENTRAL INTELLIGENCE AGENCY

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*Army, DIA and State Dept
reviews completed*

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THIS MATERIAL CONTAINS INFORMATION AFFECTING THE NATIONAL DEFENSE OF THE UNITED STATES WITHIN THE MEANING OF THE ESPIONAGE LAWS, TITLE 18, USC, SECS. 793 AND 794, THE TRANSMISSION OR REVELATION OF WHICH IN ANY MANNER TO AN UNAUTHORIZED PERSON IS PROHIBITED BY LAW.

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GENERAL

1. Brazil to exchange cotton for 70 British jet fighters: The Brazilian Government signed an agreement with the British on 28 October providing for an exchange of Brazilian cotton for 70 jet fighter aircraft, according to a newspaper subsidized by the Brazilian Government. The American Embassy comments that it does not yet have official confirmation of this report, but that it has learned informally that the planes are Gloucester Meteors Marks 7 and 8. (R Rio de Janeiro 596, 28 Oct 52)

Comment: The Bank of Brazil purchased cotton from local producers at prices above the world market and has been unable to dispose of it at a satisfactory price.

The Brazilian air force has not previously acquired any jet aircraft. Its current purchase coincides with a British tour of Latin America displaying the Canberra twin-jet bomber. Meteors have been decisively defeated in Korean battles with Soviet MIG-15's, and the Royal Air Force is now concentrating on later-model jet fighters.

2. USSR states position regarding Caspian fisheries agreement: The Soviet Charge has informed the Iranian Government that the Soviet-Iranian Caspian fisheries agreement will expire on 31 January 1953. In September, the Iranian Government had requested Moscow's views as to when the agreement should expire. (U Tehran 1738, 28 Oct 52)

Comment: Although the Soviet-Iranian agreement of 1927 provides for joint operation of the Caspian fisheries, this concession has been under the complete domination of the Soviet Union. Moscow has monopolized the post of managing director, has delayed in replacing Soviet specialists with Iranian nationals as it had agreed, and has used the concession for clandestine activities in support of the Tudeh.

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Tehran press reports recently have suggested that the Iranian Government might not extend the agreement. An Iranian move to nationalize the fisheries would place the USSR in an embarrassing position in view of its open support of Iran's oil nationalization policy. However, should the USSR decide to retaliate, many avenues of political and economic pressure will be open for bringing about negotiations on a new accord.

3. French insist NATO Standing Group should establish liaison between MEDO and NATO: The French Government has informed the American Embassy in Paris that it still considers the NATO Standing Group "particularly qualified" to establish close liaison between NATO and the proposed Middle East Defense Organization and to give enlightened opinions on the work of MEDO. Such would not be the case with a new organization whose creation, according to the French, would involve useless complications.

The French consider that it would not be necessary, in the early stages at least, to place MEDO under the authority of the Standing Group. Instead they propose that the SG attach a liaison mission to MEDO. (S Paris 2611, 28 Oct 52)

Comment: The French Government has delayed comment on a British memorandum proposing the establishment of a planning group in which the seven countries participating in MEDO would have equal representation. It would like to strengthen French prestige in the Middle East by establishing a close relationship between MEDO and NATO.

EASTERN EUROPE

4. Presence of Bulgarian medical brigade in Korea announced: Bulgaria has just announced that a medical brigade formed by the Bulgarian Red Cross and composed of highly qualified volunteer doctors and nurses arrived in Korea on 23 March and is installed in a hospital at Pyongyang. (R FBIS Sofia, 28 Oct; FBIS Ticker London, 27 Oct 52)

Comment: Although much attention has been given to Korean aid drives in Bulgaria, no mention of this unit has previously been made in the Bulgarian press.

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[redacted] two field hospital units were sent to Korea from Rumania in the summer of 1951. Another unit was sent later in the year, probably as a replacement. A Hungarian hospital unit is also known to be in the Korean theater.

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5. New Czech auxiliary internal security force established: The American Embassy in Prague reports that new security officers listed by the press as the "Interior Guard" have been appointed in Olomouc and Prague and that members of the Guard appeared recently in Prague in new uniforms. (S Prague Weeka 42, 17 Oct 52)

Comment: On 8 August Czech Minister of National Security Karel Bacilek revealed that the national security forces were being strengthened by the formation of auxiliary units drawn from employees of state farms, agricultural cooperatives and machine-tractor stations and under the direction of appointed district commissioners. These units would aid the National Security Corps in controlling the population and searching for dissident elements.

6. Defenses along Czech-Austrian border strengthened: The American Army Attache in Prague reports that defenses along the Czech-Austrian border have been strengthened by the installation of electrified barbed wire fence, trenches and camouflaged pill boxes. He notes that defenses south of Znojmo on the Austrian frontier appear to be as strong as those along the border with the US Zone of Germany but that fewer border guards are in evidence in the Znojmo area. (S Prague 852, 28 Oct 52)

Comment: The steady strengthening of Czech border defenses along the Austrian frontier has been noted since last fall. The depopulation of the frontier zone, the severance of roads across the border, the establishment of stringent controls on the movement of peoples and the erection of defense installations follow the pattern used along the Czech-Bavarian frontier.

The Hungarian Government has also established strong border guards and defense installations along the Austrian border. The zone of Austria which borders on both Czechoslovakia and Hungary is Soviet-occupied.

7. Hungarian youth organization campaigns against "class enemies" in industry and agriculture: The organ of the Hungarian Union of Working Youth, DISZ, denounced the "complacency" of a mining machinery factory's youth organization which had failed to purge its secretary, allegedly a former Social Democratic Youth leader. The youth organ pointed approvingly to an agricultural cooperative which had expelled a kulak for attempting to sabotage planting operations, assertedly at the instigation of a Catholic priest. (R FBIS Budapest, 28 Oct 52)

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Comment: The bitter tone of these articles reflects the recent demand of DISZ's Central Committee for sharpened class struggle against "the remnants of the bourgeoisie" and "clerical reaction." Last week the secretary of the organization's forthcoming national congress reproved local youth leaders for lukewarm execution of the Committee's directives and for poor organization in general. A serious shakeup of the organization appears to be in prospect at the congress.

8. Hungarian Cabinet decrees higher wages for industrial workers and premium payments for managers: A Hungarian Cabinet decree raising the basic wage in certain branches of industry and providing premium payments for factory managers who overfulfill their norms will take effect on 1 November. Wage increases assertedly are proportionate to the importance of the industry to the economic life of the country. Foundry workers are promised 12 to 14 percent increases of their basic wage and other industrial workers smaller increases. Technical and administrative managers of heavy and light industry will receive large premiums for fulfilling their plans and overfulfillment will be rewarded by premiums proportionate to the amount of overfulfillment.

Professors and high school teachers are also promised salary increases in the neighborhood of 10 percent. (R FBIS Ticker Budapest, 29 Oct 52)

Comment: Increased wages for workers and incentive rewards for managers appear to be the regime's answer to the poor showing made in the third quarter of the Five-Year Plan for 1952, in spite of the increase in work norms last June, as well as a means of coping with increased prices. This is also the Soviet technique for getting and keeping workers in key industries.

9. Polish Government announces overwhelming participation in elections: According to the official communique, 95.03 percent of the qualified electorate participated in the Polish elections on 26 October. All National Front candidates and deputy candidates were elected to the Sejm, and National Front lists are reported to have received 99.8 percent of the valid votes cast. American Embassy officials were informed that Polish voters carefully avoided the use of curtained booths in which changes on the ballot could be made.

British and American Embassy personnel were under especially close police surveillance on election day. Efforts to jam VOA broadcasts in Polish were especially severe during the week before the election, in an obvious attempt to reduce the influence of these broadcasts. (R FBIS Warsaw, 28 Oct; C Warsaw 228, 27 Oct 52)

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Comment: Article 55 of the Polish electoral law provides that the voter is to mark his ballot behind a screen, where he has the right to strike off individual candidates or deputy candidates from the list of his choice. However, the Poles were apparently afraid to make use of these screens, if they existed at all, lest they be considered enemies of the regime. In addition, the Polish Government provided itself beforehand with a legal basis for its announced election results, since under Article 61 of the electoral law, unmarked ballots were automatically to be counted as votes for the National Front lists.

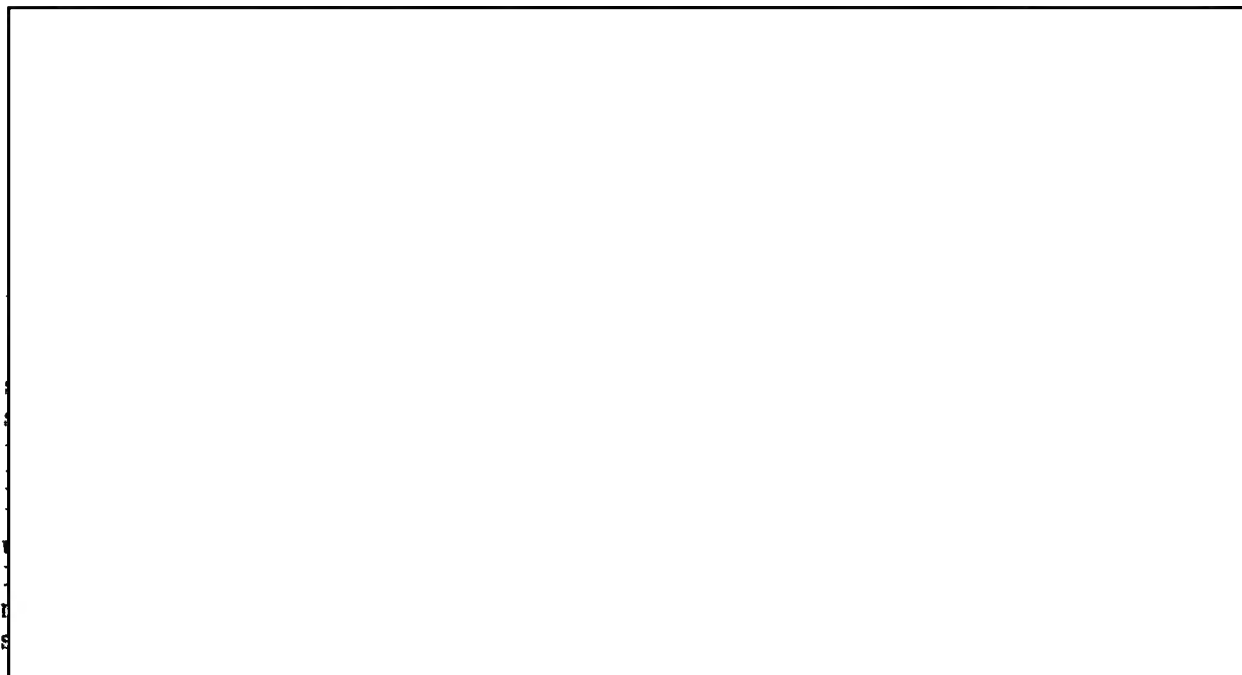
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FAR EAST

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11. French Consul in Tientsin reportedly held for ransom:
The Peiping regime is said to be demanding payment of \$250,000 before permitting the French Consul in Tientsin to leave China. The French are reportedly willing to meet this demand. [REDACTED] 25X1A

Comment: The Chinese Communists have invariably refused to allow foreign diplomats to leave China until extortionate claims against their offices have been met. Moreover, a French official reported in July that the French Consul in Tientsin was being detained on currency speculation charges.

There is no confirmation of the figure of \$250,000 or of French willingness to comply.

12. Highway repairs lagging in Fukien Province opposite Formosa: Radio Peiping stated on 25 October that 2,718 kilometers of highways were open to traffic in Fukien Province. (R FBIS Peiping, 25 Oct 52)

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Comment: In November 1950, according to a Shanghai news broadcast, 2,300 kilometers of highways in Fukien were in full operation and 900 more kilometers were to be built in 1951. Peiping's recent broadcast indicates that only some 400 kilometers of Fukien highways were restored in the past two years. Since the Nationalist Ministry of Communications reported in February 1946 that there were 4,416 kilometers of highways in Fukien, apparently many have not yet been restored.

13. Road from Lhasa toward Nepal border reportedly under construction: [redacted] 25X1
[redacted] the Chinese were 25X1
planning to build a road toward "Tingri, Kuti, Kerong and Dyonggly" (apparently points 300 to 400 miles west of Lhasa near the Nepal border). [redacted] also 25X1
stated that his former report of a planned road toward Sikkim was found to be incorrect. (S New Delhi Desp 817, 23 Sept 52)

Comment: The route through Sikkim is the principal trade route from Lhasa to the outside world. There is no reliable evidence that the Chinese are building any highways west of Lhasa. If they are, however, improvement of the Sikkim road probably would have first priority.

SOUTHEAST ASIA

14. French expect lull in Indochinese fighting: French forces in the Son La sector south of the Black River expect no Viet Minh assault against their defenses for at least 15 days because of the enemy's extended lines of communication and lack of transport, the US Army Attache reports. General de Linares, commanding in Tonkin, is confident of maintaining the present defensive line and of keeping the delta secure from infiltration. (S Hanoi 239, 28 Oct 52)

15. Viet Minh keeps supplies moving despite French bombing: [redacted] 25X6

[redacted] the Viet Minh, despite the bad state of roads in its area, emptied the supply depot at Cao Bang on 13 October. Some 4,000 mortar shells and 50,000 cartridges for Thompson and 7.9mm machine guns and Sten guns were shipped south, presumably to depots in the Tonkin interior. On 14

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25X1A October additional materiel, including 40,000 12.7mm cartridges and 900 120mm shells arrived in Cao Bang from Communist China.
[REDACTED]

Comment: Intensive French bombing of Viet Minh supply routes is thought to have hampered the flow of supplies in Tonkin, but there is as yet no firm indication that the Viet Minh's combat capability has thus been significantly reduced. The French currently estimate that 500 tons of materiel a month are being delivered by China, in contrast to the high of 1,300 tons monthly during late 1951.

16. Allison reports on United States-Philippines defense talks: In the 27 October defense talks in Manila, American officials were impressed by the desire of the Filipinos to take an active role against Communism, including the willingness to furnish troops in event of further Communist aggression in the Pacific. The Americans agreed to recommend a joint group to study the possibility of furnishing equipment for the training of additional Philippine reserves. Assistant Secretary of State Allison reports that the conference was of value in "assuaging Philippine sensibilities," although emphasis on the need for Philippine internal reforms was met with "noticeable coolness." (S Manila Circular 38, 29 Oct 52)

17. Burmese Government's assumption of Shan chieftains powers to be slow: The American Embassy in Rangoon reports that the recent renunciation of administrative powers by the Shan sawbwas represents a victory for the Burmese Government. No immediate change is anticipated, however, as the actual transfer of power must await the recommendations of a commission which will be appointed to study the matter. Even after the change, the sawbwas will retain effective control of the Shan State since they will continue to dominate the Shan State Council. (C Rangoon 697, 28 Oct 52)

Comment: While the Shan people have not expressed serious dissatisfaction with the sawbwa system, there is no evidence to indicate that the contemplated changes will cause trouble unless the Burmese Government attempts to implement a program of rapid "Burmanization."

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SOUTH ASIA

18. Prime Minister Nehru on tour of troubled areas of India:
On 25 October, Prime Minister Nehru returned to New Delhi from a month-long tour of Hyderabad, Madras, Mysore, Assam, and Manipur States in southern and eastern India. On 2 November he is scheduled to arrive in Srinagar, Kashmir. During the course of his trip Nehru has spoken frequently on the subjects of Indian unity and the need for developing a national, rather than a provincial, outlook. (S New Delhi 1727, Joint Weeka 40, 25 Oct; U New Delhi 1736, 27 Oct; 1761, 28 Oct 52)

Comment: Nehru's tour, immediately prior to the scheduled opening of parliament in early November, is presumably designed to collect information on the major issues which the Congress Party government is likely to face during the parliamentary session.

Communism is rife in all of these areas, while states rights movements and food shortages, which have been exploited by Communists, are common to a number of them. It may be, therefore, that Nehru expects these problems to be the major ones with which his government will shortly have to deal. Nehru may also hope by his personal appearance to forestall the raising of certain embarrassing questions.

19. Armed Chinese infiltrate Kashmiri province of Ladakh:
In August or September the Indian Government was preparing a note for despatch to Communist China, protesting the part played by the Chinese army in smuggling arms from Tibet into the Kashmiri province of Ladakh and demanding the immediate withdrawal of armed Tibetans who had infiltrated that province. According to the source of this information, who apparently has good contacts in the Indian Ministry of External Affairs, the note also indicated that some 300 armed Tibetans had already been apprehended in Ladakh. (C New Delhi Desp 681, 9 Sept 52)

Comment: Since the Chinese occupation of Sinkiang and Tibet, it has been standard practice for Chinese troops, especially in northern Kashmir, to extend their activities in border areas to the point where they meet open resistance.

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The Ladakhis are ethnically and religiously akin to the Tibetans. Their leaders have complained in the Kashmir Constituent Assembly about the poor treatment accorded their province, and the Head Lama of Ladakh reportedly has pro-Tibetan leanings.

NEAR EAST - AFRICA

20. Tudeh shows greater boldness in anti-Shah rioting: The demonstration on the Shah's birthday, which took place in the face of the Shah's strong police escort, indicates increasing boldness on the part of the Tudeh, according to the American Embassy. The Embassy states that 270 agitators were arrested and one or possibly two killed.

Mossadeq reportedly has ordered the Tehran military governor to try immediately all those arrested under the terms of the new public security law and to exile the guilty to the Persian Gulf islands. (C Tehran 1745, 28 Oct 52)

Comment: Tudeh agitation has been concentrated against the Shah and the United States in recent weeks and this incident may mark a more militant anti-Shah policy. The Tudeh possibly hopes to force the abdication or the removal of the Shah as a price for refraining from violence which contributes to Iran's instability.

Mossadeq's reported order to prosecute those arrested is probably based not so much on their Tudeh affiliation as on their instigation of public disorder.

21. Mossadeq reported to be playing "cat and mouse" with Tudeh: [redacted] Prime Minister Mossadeq, through his control of the police, is "permitting" periodic Tudeh demonstrations for the purpose of keeping the Shah "frightened" into submission. According to [redacted] the Prime Minister has the Tudeh Party "in the palm of his hand" and releases or restrains it at will. [redacted]
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Comment: There is no other evidence to confirm this report. Mossadeq regards the Tudeh as primarily an indigenous movement enhanced by poverty and want within the country, and he appears willing to permit it to operate as long as it remains within legal limits.

Kashani, the second strongest leader in the National Front, has previously said that he could control and use the Tudeh as he wished, although in a recent public statement he denied that the Iranian people would support a Tudeh government.

22. Shishakli publicly confirms Syrian-UN agreement on Arab refugees: Syrian dictator Colonel Shishakli was recently overheard publicly confirming Syria's agreement with the UN to improve the living conditions of the Arab refugees.

The American Ambassador also reports that earlier press leaks regarding the agreement, whereby Syria agreed to resettle 80,000 refugees now within its borders, had so far produced no adverse repercussions either officially or in the local press. (S Damascus 317, 29 Oct 52)

Comment: Since the Syrian-UN plan is an integral part of the latest UN efforts to improve the conditions of the 850,000 Arab refugees, popular acceptance of, or even indifference to, the agreement might assist the UN in inducing other Arab countries to follow Syria's lead.

Shishakli has been cautious in the past about releasing news of the agreement for fear that it would be misinterpreted as a repudiation of the refugees' demands for repatriation and compensation and thus encourage popular outbreaks against his government.

23. Jordanian Prime Minister may resign in November: Jordanian Prime Minister Abul Huda may resign after the parliamentary speech from the throne on 1 November, [REDACTED]

[REDACTED] Abul Huda, before submitting his resignation, will authorize the formation of political parties, lift press censorship, and cancel certain defense regulations. [REDACTED]

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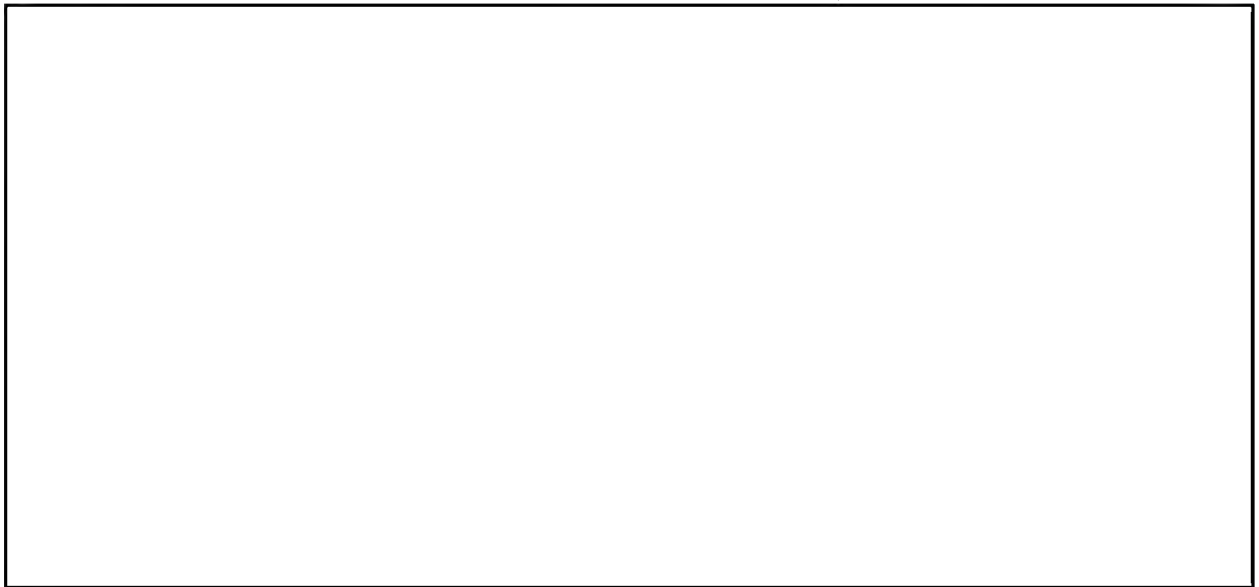
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Comment: This information may be a plant designed to obtain British support for the Prime Minister, against whom opposition is increasing, particularly among the Palestinian Arabs now included in the Kingdom. Abul Huda's departure would remove a dominant figure who effectively maintained control at the time of Talal's abdication last August and who withstood Iraqi ambitions to annex the country at that time.

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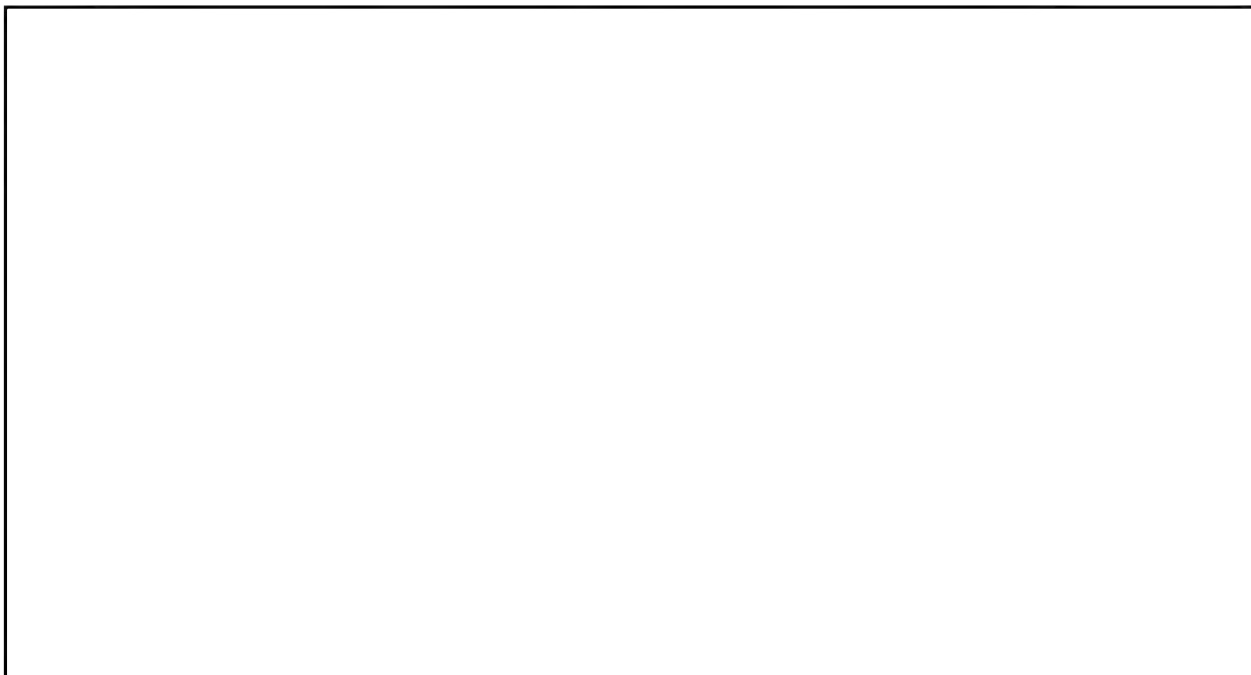
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WESTERN EUROPE

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26. Austrian coal import plans seen involving increased reliance on Orbit: The Austrian delegate to the OEEC Coal Committee reported on 15 October that his government desires to reduce its imports of coal briquets from West Germany and import more from the Orbit. He said that the more favorable terms offered by the Satellites and Austria's large trade deficit with the West make this shift necessary. Although aware that implementation of this policy might involve increased shipments of strategic items to the Orbit, permanent reduction of West German sources of supply, increased Austrian reliance on imports from the Satellites, and diminution in Austrian coal stockpiles, he asserted that his government is unable to cope with the problem. (S Paris REPTO A-521, 22 Oct 52)

Comment: The release of counterpart funds and the relaxation of internal credit restrictions to stimulate coal imports have both been considered in Vienna as means of utilizing Austria's favorable credit position with Poland and maintaining Austria's coal stockpiles. So long as the Austrians have difficulties in exporting to the West, the favorable trade terms quoted by the Orbit will appear especially attractive.

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27. Prospects for early European assembly election diminish:
Leaders of the Coal-Steel Community Assembly have rejected the new French proposal for a popularly elected European political assembly in the near future. Belgium's Paul Henri Spaak, president of the CSC Assembly, states that the ad hoc assembly has gone too far in preparing a draft treaty for a political community to be delayed by discussions of the French proposal, and West Germany's Heinrich von Brentano, chairman of the Constitutional Committee, agrees. American observers in Paris believe that the proposal will not receive further consideration. (S Paris 2582, 27 Oct 52)

Comment: Adoption of the French proposal would have resulted in protracted delay in the writing of a European federal constitution since the scheme also called for transferring responsibility for the constitution's drafting to the projected popularly elected assembly. Previously, there had been indications that the majority of the French and German delegates to the ad hoc assembly would support the French proposal.

28. French may seek separate agreements before ratifying EDC treaty: Herve Alphand, French Deputy to the North Atlantic Council, recommended to Premier Pinay and Defense Minister Pleven last week that the government conclude certain agreements with its defense partners before calling for National Assembly debate on the EDC treaty.

The proposed accords would provide for additional American aid for Indochina, enabling France's defense contribution in Europe to balance Germany's; for permanent French membership on the NATO Standing Group; for establishment of the principles of a European political community; and for a two-year transition period during which the French forces in Germany would change from occupation to EDC status.

The American Embassy observes that the government seems to be already pushing these points whenever possible. (S Paris 2616, 28 Oct 52)

Comment: Pinay had previously invited the National Assembly to recommend "additions" to the EDC treaty. It is not yet clear whether he will seek a formal reopening of EDC treaty negotiations or merely an exchange of letters to make the treaty conform with any new agreements reached.

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29. December NATO meeting seen falling far short of its aims: In view of Britain's failure to make a complete submission to the NATO annual review on time, the MSA Mission in London believes that the December ministerial meetings will be able to agree on firm NATO force goals for 1953 only. A later meeting would then be required to decide provisional 1954 targets, and there is not likely to be enough information even then to discuss planning for 1955. (S London 2488, 28 Oct 52)

Comment: The annual review has been intended as a continuing examination of national political and economic capabilities in the face of NATO military requirements over a three-year period. The determination of 1953 military force goals alone would leave the European NATO countries uncommitted to any definite programs for future defense spending and production to support the continued build-up and maintenance of NATO forces.

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LATIN AMERICA

31. Argentine General Confederation of Labor elects all new officers: The Central Committee of the Argentine General Confederation of Labor has elected an entirely new Executive

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Secretariat headed by Eduardo Vuletich, director of the small Pharmaceutical Workers Union. New arbitration and auditing committees were also elected. The American Embassy comments that at first glance the new officers seem to be experienced union men rather than political stooges. (R Buenos Aires 333, 29 Oct 52)

Comment: The election of relatively unknown Vuletich should allow Peron more latitude in determining his labor policies. Among the former members of the Executive Secretariat who were not re-elected is leftist Isaias Santin who, without Senora de Peron's intervention, would have defeated ex-Secretary General Espejo in the last elections.

The political orientation of the new Secretariat is not known, but it replaces one of confirmed leftist orientation.

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32. Possibility of army coup seen increasing in Venezuela:
[redacted] fears that government mis-
handling of the political situation prior to the 30 November
Constituent Assembly elections may lead to an army coup in
the near future. The recent police killing of Democratic
Action underground leader Ruiz Pineda, he believes, may
incite assassination attempts against the three-man governing
junta. 25X1

[redacted] only intervention by the Papal
Nuncio can persuade junta strong-man Perez Jimenez to adopt
a more moderate course and thus prevent a new and even more
dictatorial army regime. (S Caracas 190, 28 Oct 52)

Comment: The junta, aware of increasing army and public
discontent, has been making wholesale arrests in an effort to
uncover activities against the regime. There have been no
reports, however, that influential officers are contemplating
a coup at this time or that they have sought or found a leader
to oppose Perez Jimenez.

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TO THE CURRENT INTELLIGENCE DIGEST

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SOUTHEAST ASIA

1. Divided loyalty of army toward president heightens tension in Indonesia: [REDACTED]

25X1C [REDACTED] "real trouble" may be expected in Indonesia due to the developing conflict between President Sukarno and the army clique which was responsible for the 17 October demonstrations. Certain army officers in East Java are in what amounts to "outright revolt" against their division commander, declaring their loyalty to President Sukarno.

The American Embassy reports persistent rumors of a split throughout the army. (S Djakarta 808, 28 Oct; [REDACTED])

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Comment: The Minister of Defense is reported to have accepted Sukarno's decision that parliament should be indefinitely recessed but not dissolved and that the cabinet should remain in office. High army officers, however, are reportedly angry that Sukarno refused them a mandate which would, in effect, have authorized a military dictatorship.

Prime Minister Wilopo and other civil leaders are reportedly working strenuously to avert a clash between the opposing factions within the army and hope that they will neutralize each other.

WESTERN EUROPE

2. East Germans appoint Chief of Staff and organize new army groups: The US Army in Heidelberg reports that two military headquarters in East Germany have been established

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as Army Group Central and Army Group South. Meanwhile, American officials in Frankfurt report that Vincenz Mueller, Deputy Minister of Interior, now has the title of Chief of Staff as well. (S CINCUSAREUR Heidelberg SX 4689, 27 Oct 52; S/sensitive Frankfurt Sitrep 41, 29 Oct 52)

Comment: The headquarters of Army Group North, which reportedly controls 50,000 men, has previously been identified at Pasewalk, north of Berlin. No details of the organization of the two new army groups have been reported.

Mueller, an acting army commander in World War II, surrendered to the Russians and became a Communist. As a top leader of the East German National Democratic Party, he has campaigned energetically to convert former Nazis to the Communist cause. Recently he was listed as a major general.

3. East Germans reported initiating search for technically-trained workers: Apparently as a part of a general effort to obtain necessary data for the planned utilization of manpower, the secretariat of the East Berlin Socialist Unity Party (SED) has reportedly directed a general census of East Berlin residents over 14 years old. Questionnaires asking for training and experience data are to be distributed in connection with the issuance of ration cards.

American officials in Frankfurt comment that the search for trained workers may be connected with East German military production and note that there are numerous reports of factory surveys for workers skilled in aircraft, tank, and munitions production. (S/sensitive Frankfurt Sitrep 41, B-3, 29 Oct 52)

Comment: Graduated wage decrees issued last summer were intended not only to encourage the acquisition of technical skills, but also to attract trained workers to high-priority industries. A general survey of available skills, such as here indicated, would suggest that monetary incentives have been insufficient to mobilize the required skills where needed.

4. East Germans tighten surveillance over Liberal Democratic Party: American officials in Frankfurt believe that recent controls imposed on the East German Liberal Democratic Party are indicative both of the existence of anti-regime sentiment within the party and of the suspicion with which it is regarded by the East German Government. At the party's conference last month, a resolution was adopted, presumably under

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SED pressure, setting up an "investigation commission to guarantee the security of the party organization," and the secretary general is now required to submit monthly personnel evaluation reports to the East German Communists and to the Soviet Control Commission. American observers believe that many LDP leaders would probably prefer to dissolve the party rather than continue under these restrictions. (S/sensitive Frankfurt Sitrep 41, B-2, 29 Oct 52)

Comment: The LDP, which has continued to suffer heavy membership losses, has seemed to bear the brunt of the government's disfavor for some time. Unlike the East Zone Christian Democratic Union and National Democratic Party, whose importance in church affairs and in mobilizing ex-Nazi support for the regime continues, the LDP appears from the Communist viewpoint to be losing rapidly its raison d'etre.

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